Essentials of

# Services Marketing

3rd Edition

# 4 Developing Service

# PRODUCTS AND BRANDS

# Learning Objectives

4.1 Understand what constitutes a service product.

4.2 Be familiar with the Flower of Service model.

4.3 Know how facilitating supplementary services relate to the core product.

4.4 Know how enhancing supplementary services relate to the core product.

4.5 Understand branding at the corporate and individual service product levels.

4.6 Examine how service firms use different branding strategies.

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# Learning Objectives

4.7 Understand how branding can be used to tier service products.

4.8 Discuss how firms can build brand equity.

4.9 Understand what is required to deliver a branded service experience.

4.10 List the categories of new service development, ranging from simple style changes to major innovations.

4.11 Describe how firms can achieve success in new service development.

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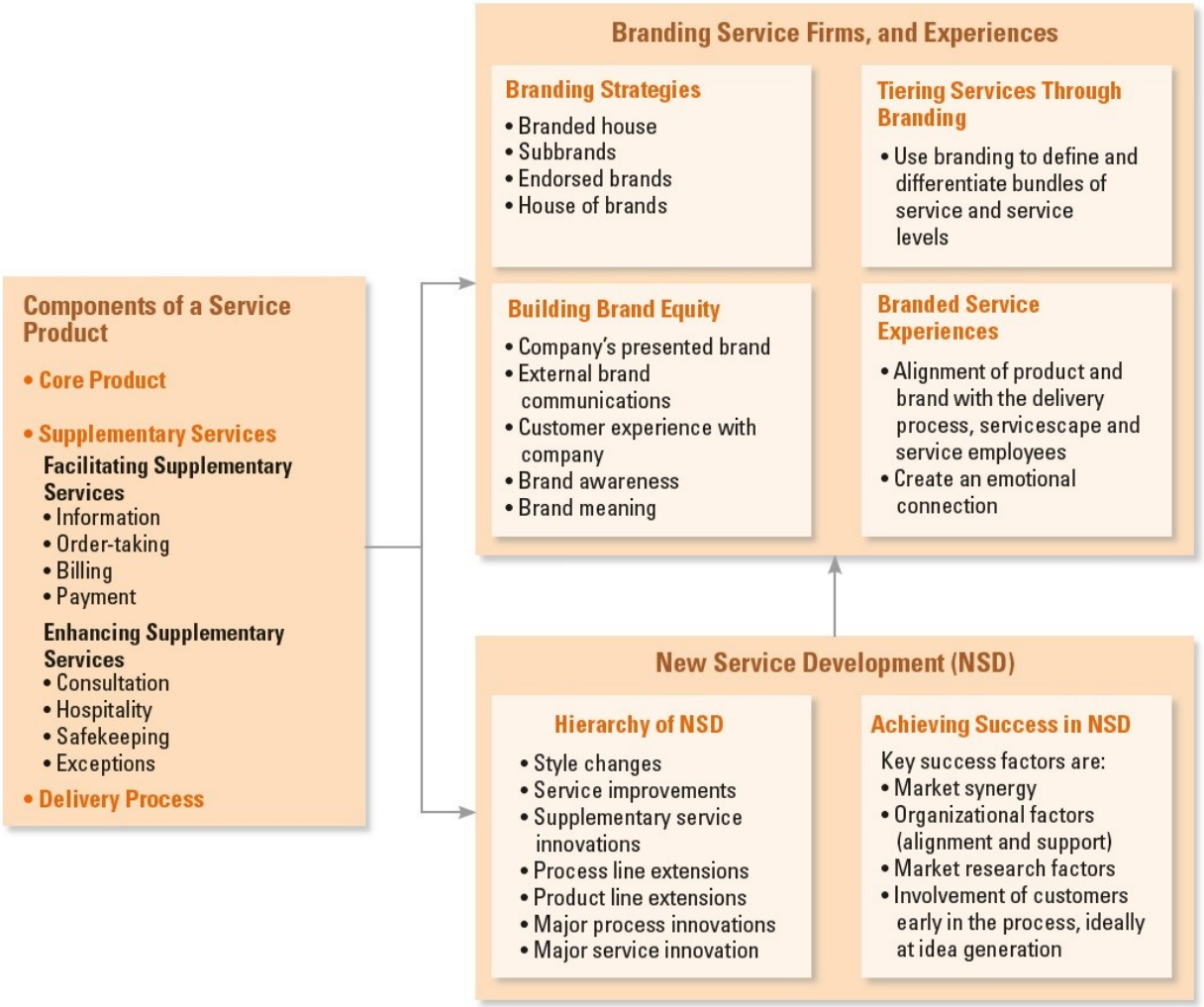
# Developing Service Products and Brands

## 4.1

Understand what constitutes a service product.

# Understand what constitutes a service product




Components of a Service Product
• Core Product
• Supplementary Services
Facilitating Supplementary Services
• Information
• Order-taking
• Billing
• Payment
Enhancing Supplementary Services
• Consultation
• Hospitality
• Safekeeping
• Exceptions
• Delivery Process
Branding Service Firms, and Experiences
Branding Strategies
• Branded house
• Subbrands
• Endorsed brands
• House of brands
Tiering Services Through Branding
• Use branding to define and differentiate bundles of service and service levels
Building Brand Equity
• Company's presented brand
• External brand communications
• Customer experience with company
• Brand awareness
• Brand meaning
Branded Service Experiences
• Alignment of product and brand with the delivery process, servicescape and service employees
• Create an emotional connection
New Service Development (NSD)
Hierarchy of NSD
• Style changes
• Service improvements
• Supplementary service innovations
• Process line extensions
• Product line extensions
• Major process innovations
• Major service innovation
Achieving Success in NSD
Key success factors are:
• Market synergy
• Organizational factors (alignment and support)
• Market research factors
• Involvement of customers early in the process, ideally at idea generation

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# Understand what constitutes a service product



- The components of a service product
  - Core Product
  - Supplementary Services
  - Delivery Processes

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# Developing Service Products and Brands

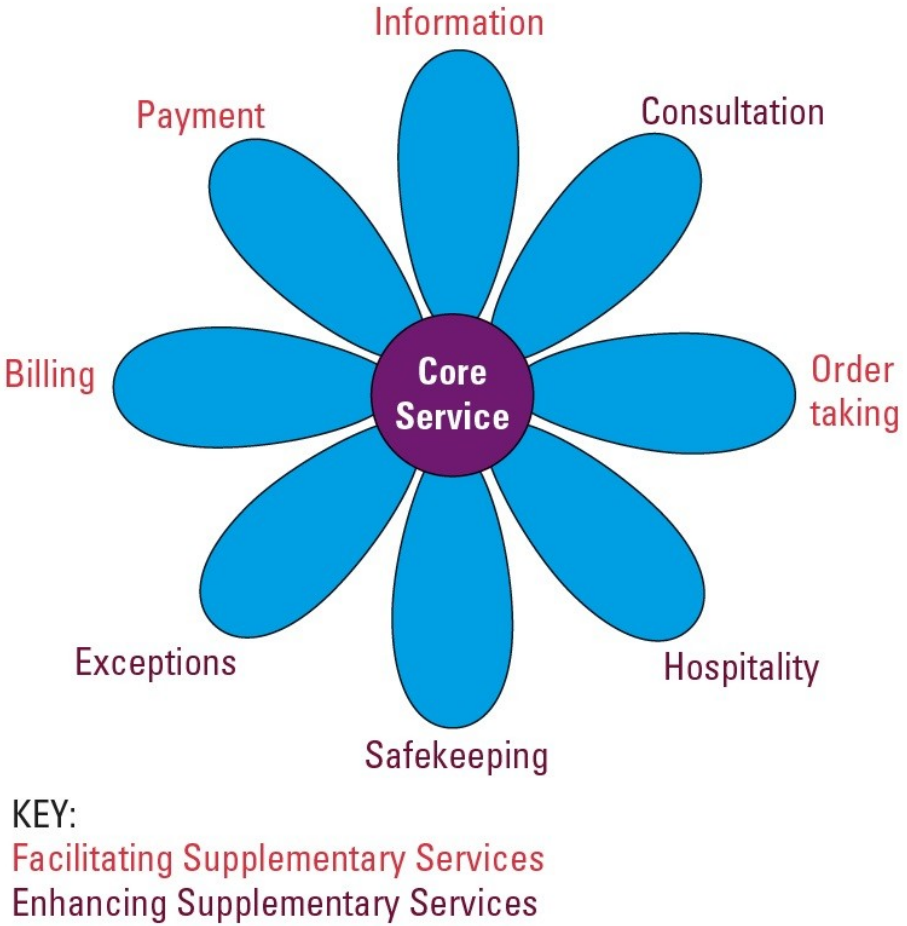
## 4.2

Be familiar with the Flower of Service model.

# The Flower of Service model



- A core product surrounded by cluster of supplementary services

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# The Flower of Service model



- There are two kinds of supplementary services:
  - Facilitating supplementary services: either needed for service delivery, or help in the use of the core product
  - Enhancing supplementary service: add extra value for the customer
- In a well-designed and well-managed service organization, the petals and core are fresh and well-formed.
- Market positioning strategy helps to determine which supplementary services should be included.

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# Developing Service Products and Brands

## 4.3

Know how facilitating supplementary services relate to the core product.

# Facilitating supplementary services



- Information:
  - Customers often require information about how to obtain and use a product or service.
- Order-Taking:
  - Customers need to know what is available and may want to secure commitment to delivery. The process should be fast and smooth.
- Billing:
  - Bills should be clear, accurate and intelligible.
- Payment:
  - Customers may pay faster and more cheerfully if you make transactions simple and convenient for them.

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# Developing Service Products and Brands

## 4.4

Know how enhancing supplementary services relate to the core product.

# Enhancing supplementary services



- Consultation:
  - Value can be added to goods and services by offering advice and consultation tailored to each customer's needs and situation.
- Hospitality:
  - Customers who invest time and effort in visiting a business and using its services deserve to be treate

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# Enhancing supplementary services



- Safekeeping:
  - Customers prefer not to worry about looking after the personal possessions that they bring with them to a service site.
- Exceptions:
  - Customers appreciate some flexibility when they make special requests and expect responsiveness when t[illegible]plan.

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# Developing Service Products and Brands

## 4.5

Understand branding at the corporate and individual service product levels.

# Branding: corporate and individual service products



- A product implies a defined and consiste
“bundle of output”
- Brand names enable the firm to communi cate the distinctive experiences and benefits associated with a specific servic concept.

- A firms can differentiate its bundle of output from its competitors’.

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# Developing Service Products and Brands

## 4.6

Examine how service firms use different branding strategies.

# How service firms use different branding strategies



- Branded House:
  - A company that applies its brand name to multiple offerings in unrelated fields
- Sub-brands:
  - The corporate or the master brand is the main reference point, but each product has a distinctive name as well
- Endorsed Brands:
  - The product brand dominates, but the corporate name is still featured
- House of Brands:
  - Each of the brands owned by the corporation is promoted under its own name

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# How service firms use different branding strategies



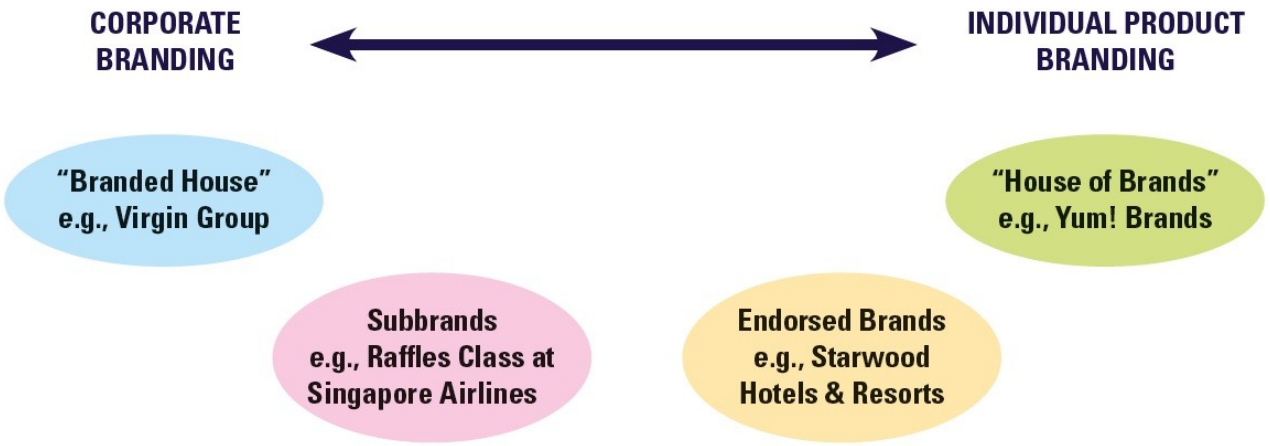
CORPORATE BRANDING
INDIVIDUAL PRODUCT BRANDING
"Branded House" e.g., Virgin Group
"House of Brands" e.g., Yum! Brands
Subbrands e.g., Raffles Class at Singapore Airlines
Endorsed Brands e.g., Starwood Hotels & Resorts

**Figure 4.18** The spectrum of branding alternatives.

SOURCE

Based on James Devlin, "Brand Architecture in Services: The Example of Retail Financial Services" *Journal of Marketing Management* 19(9-10) (2003): 1046, © Jochen Wirtz.

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# Developing Service Products and Brands

## 4.7

Understand how branding can be used to tier service products.

# How branding can be used to tier service products



**British Airways offers seven distinct air travel products**

- Four intercontinental offerings:
  - First (deluxe service)
  - Club World (business class)
  - World Traveller Plus (premier economy class)
  - World Traveller (economy class)
- Two intra-European offerings:
  - Club Europe (business class)
  - Euro-Traveller (economy class)
  - UK Domestic (economy class between London and major British cities)

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# Developing Service Products and Brands

## 4.8

Discuss how firms can build brand equity.

# Discuss how firms can build brand equity



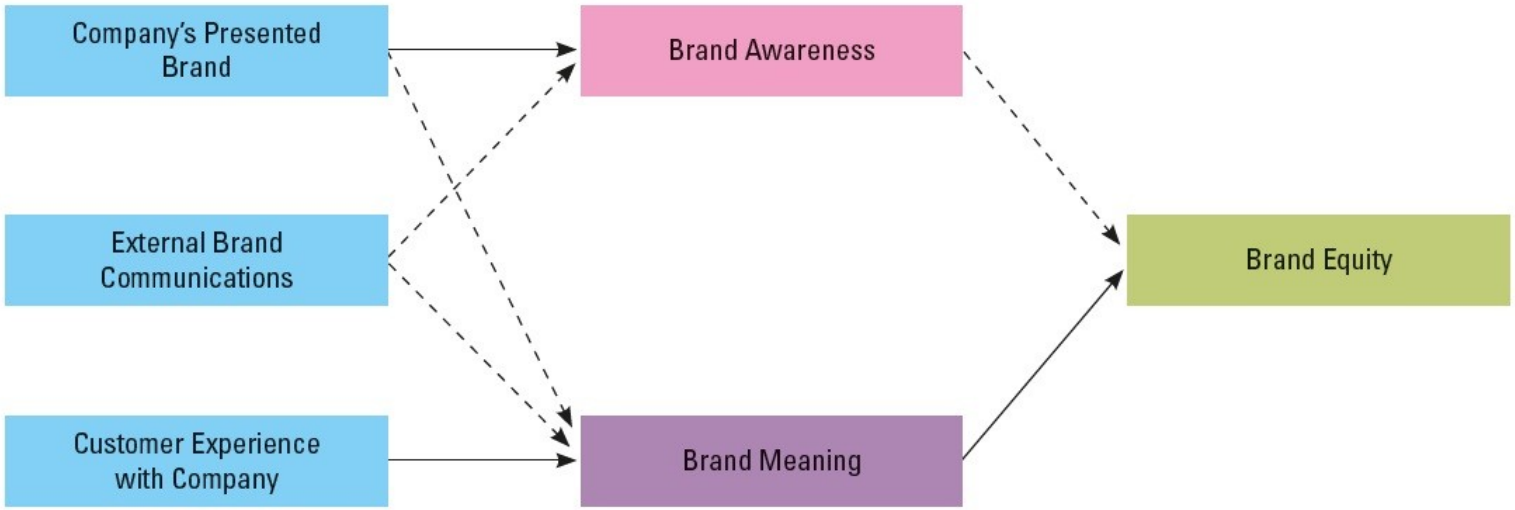


**Figure 4.21** A Service-Branding Model. The bold arrows represent strong relationships and the dotted arrows represent weaker relationships.

SOURCE

From Leonard L. Berry, "A Service- Branding Model," *Journal of Academy of Marketing Science* 28(1): 130; published by Springer © 2000.

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# Developing Service Products and Brands

## 4.9

Understand what is required to deliver a branded service experience

# Delivering Branded Service Experiences



- Besides designing great service products and giving them a brand name, service marketer consider:
  - Having great processes in pla
  - The services cape
  - Investing in good employees

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# Developing Service Products and Brands

4.10

List the categories of new service development, ranging from simple style changes to major innovations.

# Hierarchy of New Service Categories



- Style changes:
  - Visible changes in service design or scripts
- Service improvements:
  - Modest changes in the performance of current products
- Supplementary service innovations:
  - Addition of new or improved facilitating or enhancing elements
- Process-line extensions:
  - Alternative delivery procedures

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# Hierarchy of New Service Categories



- Product-line extensions:
  - Additions to current product lines
- Major process innovations:
  - Using new processes to deliv
    existing products with added
    benefits
- Major service innovatio
  - New core products for
    previously undefined market

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# Developing Service Products and Brands

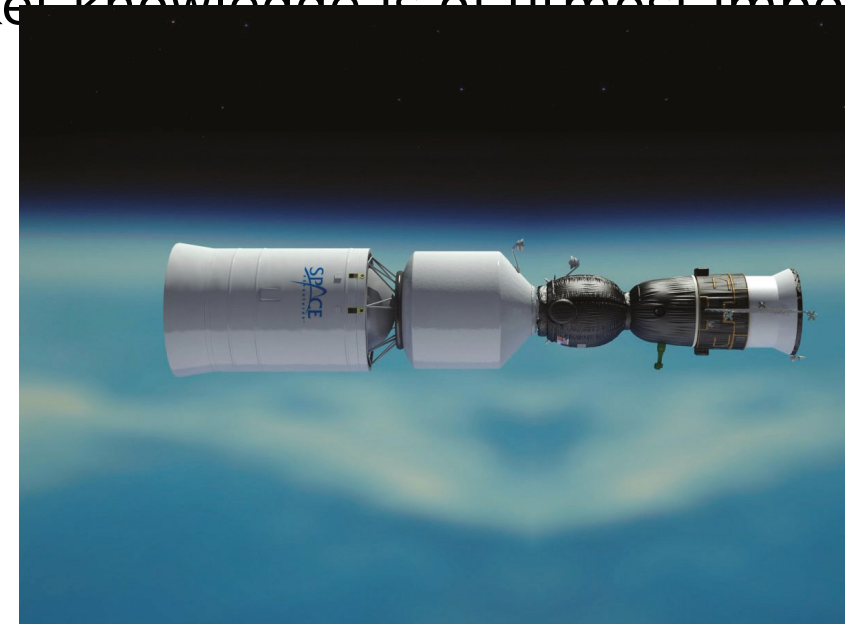
## 4.11

Describe how firms can achieve success in new service development

# Achieving Success in Developing New Services



- In developing new services:
  - Core product is of secondary importance
  - Ability to maintain quality of the total service offering is key
  - Accompanying marketing support activities are vital
  - Market knowledge is of utmost importance



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# How branding can be used to tier service products



- Market synergy
  - Good fit between new product and firm's image/resources
  - Advantage vs. competition in meeting customers' needs
  - Strong support from firm during/after launch
  - Firm understands customer purchase decision behavior
- Organizational factors
  - Strong interfunctional cooperation and coordination
  - Internal marketing to educate staff on new product and its competition
  - Employees understand importance of new services to firm
- Market research factors

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Thank You.